

1925.

NEW ZEALAND.

AUDIT OF DEPARTMENTAL ACCOUNTS

(MINISTERIAL STATEMENT IN CONNECTION WITH).

Laid on the Table of the House of Representatives by Leave.

MINISTERIAL STATEMENT.

It is with reluctance that Government finds it necessary to comment upon the Controller and Auditor-General's report as laid on the table of the House in B.-1, Part II.

Several matters referred to have been so set out and interpreted as to create the impression that there exists a state of laxity and failure to control the administration of finance, stores, &c., and Government feels that Parliament is entitled to an explanation concerning the various questions raised by the Controller and Auditor-General.

The Controller and Auditor-General is one of the highest officers of State, placed by law in a position of independence of Government and responsible only to Parliament, quite free and untrammelled as to his criticism of Government, Departments, and public servants. His reports are entitled to every respect and consideration. His powers, however, call for the exercise of judgment and tact in dealing with the many matters that come before him, and English authorities on the duties and powers of the Comptroller and Auditor-General of Great Britain lay great stress on this feature in the performance of his office, because of the difficulty of defining or limiting his duties. His report and remarks should be so conveyed to Parliament as clearly to set out in due perspective the importance of the matters referred to; and in saying this it is to be understood that Government cannot dictate to him in any way as to the manner of their presentation. In the report this year, from the discussions in this House and outside, the meaning taken from the various subjects referred to therein, several of which have been already dealt with, appears to be out of due proportion to the actual facts when ascertained. I purpose, therefore, to lay before honourable members the notes and reports of the Departments concerned.

AUDIT OF GOVERNMENT STORES AND PROPERTY.

(Pages 7 and 8 of Report.)

In the opening of this paragraph the Controller and Auditor-General states: "In many Departments it has hitherto been the practice to write off losses and deficiencies in stores without sufficient investigation as to the cause of the loss, and without reporting the circumstances to Audit in order that the discharge from the Public Account might be approved by Parliament as required by the Public Revenues Act. The door has thus remained open to speculation and extravagance."

The fact is that in 1922 the Public Revenues Act was amended by Government to provide that all stores, &c., were to be accounted for as cash, and this meant that no loss or shortage of stores could pass without being written off as cash in terms of the Act. This important amendment furnished the means by which the closer audit and inspection of stores was made effective. The state of affairs referred to by the Controller and Auditor-General "that hitherto has been the practice" is therefore prior to that year, since when great progress has been made in the direction of remodelling a system that has run forty or fifty years. As far as legislation could provide, the door has *not* since then "remained open to speculation and extravagance."

The Controller and Auditor-General certainly refers to the steps taken to consolidate in the Treasury Regulations the different regulations previously issued by the Public Service Commissioner, the Stores Control Board, and the Treasury, a consolidation that will enable the adoption of